

Message Text

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INFO OCT-01 EUR-25 EA-11 ADP-00 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 IGA-02 SSO-00 NSCE-00

USIE-00 INRE-00 DODE-00 PM-09 H-02 L-03 NSC-10 PA-03

PRS-01 SS-15 CEA-02 STR-08 /204 R

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AMEMBASSY SAIGON IMMEDIATE

AMEMBASSY VIENTIANE IMMEDIATE

AMEMBASSY BANGKOK IMMEDIATE
AMEMBASSY MANILA IMMEDIATE

S E C R E T STATE 071100

MANILA FOR USADB

E. O. 11652: GDS
SUBJECT: CONSULTATIVE GROUP FOR SOUTH VIETNAM

REF: A. STATE 060350 B. STATE 065989

FOR THE AMBASSADOR OR CHARGE

1. DURING VISIT OF PRESIDENT THIEU, SOUTH VIETNAMESE (GVN) OFFICIALS PRESENTED PROGRAM WHICH CALLS FOR SUBSTANTIAL FOREIGN AID OVER NEXT THREE YEARS IN ORDER TO MOVE TO RELATIVE SELF- SUFFICIENCY AS SOON AS POSSIBLE. WE CONSIDER PROPOSALS GENERALLY SOUND IN APPROACH AND SUBSTANCE AND WORTHY OF SUPPORT BY USG AND OTHERS. SECURITY IS ADEQUATE TO PERMIT BOTH RECONSTRUCTION AND ECONOMIC DEVELOPMENT, AND ECONOMIC POLICIES ARE CONDUCIVE TO GOOD RESOURCE ALLOCATION. USG WILL PROBABLY BE ABLE TO PROVIDE MOST OF ECONOMIC REQUIREMENTS IN CY 1973 BUT BEYOND THAT SUBSTANTIAL AID FROM OTHER SOURCES WILL BE NEEDED.
 2. GVN AMENABLE TO CONSULTATIVE GROUP STRUCTURE FOR AID TO SVN AND HOPES FOR CONFERENCE OF PROSPECTIVE DONORS BY JULY. PRESIDENT THIEU REQUESTED IBRD TO ORGANIZE CONSULTATIVE GROUP. IBRD PRESIDENT MCNAMARA AGREED TO TAKE ON TASK IF ADB AGREED TO JOIN AND IF MEMBERS OF BANK FAVORED PROJECT. IBRD SENDING REPRESENTATIVE TO JAPAN APRIL 12 (PER REF B, WHICH WAS NOT REPEATED TO ALL ADDRESSEES OF THIS MESSAGE) AND WILL CONSULT WITH ADB AND IBRD EXECUTIVE DIRECTORS OF WEST EUROPEAN COUNTRIES AND CANADA. IBRD ALSO TENTATIVELY PLANNING MISSION TO SVN WITHIN MONTH.
 3. IMF, WHICH HAS ALSO SHOWN VERY FORTHCOMING AND SUPPORTIVE ATTITUDE, IS PLANNING MISSION TO SOUTH VIETNAM IN MAY FOR ARTICLE 14 CONSULTATIONS. DURING RECENT VISIT WASHINGTON, ADB
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- PRESIDENT INOUE INDICATED ADB' S WILLINGNESS TO PLAY A MAJOR ROLE IN POSTWAR INDOCHINA AND TO ACCEPT INVITATION BY GVN OR OTHER CONVENER TO AN INTERNATIONAL MEETING FOR AID TO SOUTH VIETNAM. ADB RECENTLY SENT PROJECT DEVELOPMENT TEAM TO SOUTH VIETNAM. IN ADDITION, GVN PLANS ITS OWN CONSULTATION WITH PROSPECTIVE DONORS TO GATHER SUPPORT FOR INTERNATIONAL MEETING AND INCREASED ASSISTANCE.
4. USG STRONGLY SUPPORTS THIS INITIATIVE AS MOST PRACTICAL

WAY OF PROVIDING NECESSARY INCREASED AID TO SVN. ATTITUDE OF GOJ AS MOST IMPORTANT OTHER PROSPECTIVE DONOR IS CRUCIAL. AID AA FOR SUPPORTING ASSISTANCE ROBERT NOOTER PLANNING VISIT SOUTHEAST ASIA LATE APRIL OR EARLY MAY AND WOULD LIKE TO CONSULT WITH GOJ ON THIS SUBJECT AT THAT TIME. APPRECIATE EMBASSY TOKYO ADVICE AS TO MOST DESIRABLE TIMING AND/ OR APPROPRIATE JAPANESE OFFICIALS TO SEE.

5. WHILE IFIS AND JAPAN WILL PROBABLY BE MAJOR SOURCE OF ADDITIONAL ASSISTANCE, WE FEEL IT IMPORTANT THAT OTHER DONORS SUCH AS EC COUNTRIES, AUSTRALIA, NEW ZEALAND, AND CANADA SUPPORT THIS INITIATIVE. IN RESPONSE TO REF A (WHICH WAS REPEATED UNDER DIFFERENT NUMBER TO CANBERRA, OTTAWA AND WELLINGTON BUT NOT REPEATED TO ALL ADDRESSEES), MOST EC COUNTRIES REPORTED DESIRE ON PART OF HOST COUNTRIES TO BE AT LEAST EVEN- HANDED IN TREATMENT OF NORTH AND SOUTH VIETNAM AND EXPECTED THAT HOST GOVERNMENTS MIGHT HAVE DIFFICULTY ATTENDING MEETING FOR SOUTH VIETNAM UNLESS SOME ARRANGEMENTS HAD BEEN MADE TO PROVIDE AID TO THE NORTH. IT SHOULD BE POINTED OUT THAT NORTH VIETNAM HAS MADE CLEAR ITS PREFERENCE FOR BILATERAL ARRANGEMENTS WHILE SOUTH VIETNAM IS AMENABLE TO MULTILATERAL COORDINATION OF AID. USG IS NOW DISCUSSING BILATERAL AID ARRANGEMENTS WITH NORTH VIETNAM AND IS HAS NO OBJECTIONS TO OTHER DONORS DOING SAME. WE HAVE MADE CLEAR TO NVN THAT WE WILL NOT REPEAT NOT PROVIDE AID TO NORTH VIETNAM SO LONG AS THERE ARE INDICATIONS OF PURPOSEFUL VIOLATIONS OF THE CEASE- FIRE AGREEMENT BY NORTH VIETNAM. WE NATURALLY WOULD NOT WISH OTHER COUNTRIES TO PROVIDE AID TO NORTH VIETNAM UNDER SUCH CIRCUMSTANCES EITHER AND HOPE OTHER DONORS WILL ALSO TIE AID COMMITMENTS TO ADHERENCES WITH TERMS OF CEASEFIRE. AID DISCUSSIONS WITH NORTH VIETNAM ON THIS BASIS WOULD BE SUPPORTIVE OF PEACE PROSPECTS; AID WITHOUT THIS CAVEAT MIGHT HAVE OPPOSITE EFFECT.

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6. IF NVN IS UNRESPONSIVE TO OFFERS OF AID FROM OTHERS, WE WOULD HOPE DONORS DO NOT FEEL THEY MUST HOLD UP ON AID TO SOUTH SINCE TO DO SO WOULD PERMIT NVN TO DICTATE THE PACE OF AID TO SVN AND IN EFFECT TO HOLD VETO OVER IT. IN SUM, WE ARE SUGGESTING THAT THOSE COUNTRIES WHICH HAVE STATED THEIR WILLINGNESS TO ASSIST ALL OF THE PEOPLE OF INDOCHINA NOW PURSUE AID TO NORTH VIETNAM WITH CAUTION ON A BILATERAL BASIS AND JOIN WITH US AND OTHERS TO AID SOUTH VIETNAM IN A CONSULTATIVE GROUP STRUCTURE.

7. WE WOULD HOPE THAT IF AND WHEN POSSIBLE, THE CONSULTATIVE GROUP CONCEPT COULD BE EXTENDED TO LAOS AND CAMBODIA. SINGLE CONSULTATIVE GROUP FOR ALL OF INDOCHINA DOES NOT APPEAR FEASIBLE IN VIEW OF NORTH VIETNAM INSISTANCE ON BILATERAL AID AND LACK OF CEASEFIRE IN CAMBODIA. HOWEVER, DO NOT BELIEVE WE SHOULD DELAY ON SOUTH VIETNAM WHOSE NEED IS NOW CLEAR AND

WHERE THE POSSIBILITY OF A PRODUCTIVE CONSULTATIVE GROUP IS
EXCELLENT.

8. ADDRESSEE EMBASSIES MAY NOW CONSIDER POSITIONS STATED
ABOVE TO BE U. S. POSITION ON RECONSTRUCTION AID, SUBJECT OF
COURSE TO MODIFICATION DEPENDING ON ATTITUDES OF OTHER DONORS
AND THE COURSE OF EVENTS IN INDOCHINA. YOU MAY AT YOUR
DISCRETION CONSULT DIRECTLY AT THIS TIME WITH THE HOST
GOVERNMENTS CONCERNING THE CONTENTS OF THIS MESSAGE IF YOU
BELIEVE THIS WOULD BE SUPPORTIVE OF IBRD CONSULTATIONS
DESCRIBED PARA 2. WE WOULD APPRECIATE RECEIVING RESULTS OF SUCH
DISCUSSIONS AND/ OR EMBASSY COMMENTS AS SOON AS POSSIBLE, AS
WELL AS REPORT ON ATTITUDE TOWARD IBRD INITIATIVES. GDS
ROGERS

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